

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

**PROFESSIONAL SALES AND
MARKETING GROUP, INC.,
an Illinois corporation,**

Plaintiff

v.

**RENETTO, LLC,
a Maryland limited liability company,**

and

**SWIMWAYS CORP.,
a Virginia corporation,**

Defendants.

Case No. 07 C 3951

**Hon. Ruben Castillo
Presiding Judge**

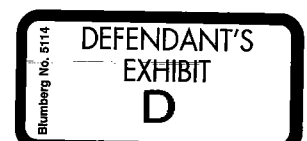
JOINT STATUS REPORT

Defendant Renetto, LLC (“Renetto”), and Defendant Swimways Corporation (“SwimWays”) hereby submit the following Initial Joint status report:

A. NATURE OF THE CASE

Renetto and SwimWays engaged in good faith negotiations with Plaintiff Professional Sales and Marketing Group, Inc. (“PSM Group”) in an effort to agree upon a Joint Status Report. All Parties were able to agree upon the Draft Scheduling Order and the Trial Status sections *infra*. As to the remainder, however, the Parties were ultimately unable to agree, which prompted Renetto and SwimWays to file this Initial Joint Status Report on behalf of both Defendants. PSM Group will file separately an Initial Status Report on its own behalf.

PSM Group initiated this litigation by filing a complaint in the Circuit Court of Cook County, Illinois on June 13, 2007. Renetto and Swimways removed the action to this Court on July 13, 2007 on the basis of diversity jurisdiction under 28 U.S.C. § 1332(a)(2). On July 17,



2007, this Court dismissed the complaint *sua sponte*, without prejudice to the filing of an appropriate amended federal complaint. The Court also ordered the parties to fully exhaust all settlement possibilities and file a joint status report by August, 20, 2007.

On August 9, 2007, Renetto filed a related lawsuit against PSM Group in the United States District Court for the Eastern District of Virginia, Alexandria Division, alleging breach of contract, breach of fiduciary duty, tortious interference with prospective advantage, and misappropriation of products. On August 16, 2007, PSM Group filed its motion for leave to file its amended complaint. All parties agree that this Court has diversity jurisdiction over the amended complaint under 28 U.S.C. § 1332(a)(2).

In response to the amended complaint, Renetto alleges, *inter alia*, that that it had a distribution agreement with PSM Group, that PSM Group breached that agreement by failing their payment and reporting obligations, by neglecting restrictions in the agreement, by failing to maintain Renetto's proprietary information, by selling unauthorized Canopy Chairs, and by attempting to interfere with the commercial relationship between Renetto and SwimWays.

SwimWays alleges, *inter alia*, that it entered into an agreement with Renetto whereby SwimWays acquired the intellectual property related to the Canopy Chair, that SwimWays currently owns the intellectual property related to and the exclusive right to sell the Canopy Chair, that PSM Group does not have any rights with respect to the Canopy Chair, and that PSM Group has tortiously interfered with the relationship between SwimWays and Renetto. SwimWays denies that it has engaged in tortious interference of any kind, or any other wrongful acts. SwimWays further alleges that PSM Group's claims are without merit and SwimWays intends to pursue all appropriate remedies.

The major factual and legal issues presented by the case will be the existence and scope of any express or implied agreement between PSM Group and Renetto, whether any such

agreement was breached and by whom, what damages were caused by any such breach, whether any party tortiously interfered with the relationship between the others, and who owns the intellectual property related to the Canopy Chair, including the right to sell the Canopy Chair.

B. DRAFT SCHEDULING ORDER

Plaintiff and Defendants have agreed upon and submit the following draft scheduling order required by Fed. R. Civ. P. 16(b):

All motions to join other parties and to amend the pleadings shall be filed by April 30, 2008.

All discovery shall be completed by April 1, 2008.

All dispositive motions shall be filed by June 15, 2008.

C. TRIAL STATUS

PSM Group has demanded a jury trial. The parties estimate that a trial will last five days.

D. CONSENT TO PROCEED BEFORE A MAGISTRATE JUDGE

Both Defendants consent to proceeding before a Magistrate Judge for all proceedings including trial.

E. SETTLEMENT STATUS

The parties and their counsel have engaged in two substantive settlement negotiation sessions conducted over the telephone, and there have been numerous communications among counsel to advance settlement negotiations based on the presentations made in the two aforesaid conferences. The parties reached an impasse as of August 9, 2007.

Respectfully submitted,

SCHIFF HARDIN LLP

By: /s/Sailesh K. Patel (with permission)

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Certificate of Service

I hereby certify that on **August 20, 2007** I electronically filed the foregoing Joint Status Report with the Clerk of the U.S. District Court, Northern District of Illinois, Eastern Division, using the CM/ECF system which sent notification of such filing to the following CM/ECF registered participants:

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DATED this 20th day of **August, 2007**.

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